REMARKS

Claims 1-62 are pending. Claims 1, 15, 30 and 44 were amended to more particularly point out and explicitly recite the present invention. Claims 14, 28 and 29 were amended to correct minor grammatical inconsistencies.

Claims 1-62 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,161,098 (Wallman). Withdrawal of this rejection is respectfully requested for at least the reasons set forth below.

a. Patentability of independent claims 1, 15, 30 and 44

Wallman discloses a method for enabling a user to easily visualize tax consequences from selling an asset or liability. Wallman's method operates as follows:

1. A tax basis registry is maintained which stores a basis for each asset/liability.

2. A potential tax consequence is calculated for each asset/liability in the registry selected by the user for potential trade and the potential proceeds from the potential trade.

3. A graphical representation is presented of at least two dimensions of an overall tax consequence for each possible combination of trade of the selected assets/liabilities and potential proceeds resulting from each possible combination of trade. Each asset/liability is represented as a point on the graph. By clicking on a point, the user can obtain specific information about the asset/liability and can automatically cause the asset/liability to be sold.

Referring to Fig. 1, a point on the graph (each point representing an asset or liability, such as a security) which is in the upper right hand corner may represent a security that has can be sold at a significant gain, but that will incur potentially high tax consequences if sold. Likewise, a point on the graph which is in the lower left hand corner may represent a security that will yield little or no gain if sold, and that will incur negative tax consequences. Column 10, lines 18-35 of Wallman describe five examples shown as points "A" through "E" of Fig. 1:

> As an example, if the user clicks on "A" 15, the system confirms with the user and then accesses the trading routine, which sells the right number and type (where you have a gain or a loss) of securities so that no capital gain or loss occurs, i.e., there would be no tax on the transaction,

> but the user would realize, say $10,000 in cash proceeds (which could also include a deduction for any transaction costs). At "B" 16, the user would realize no capital gain or loss (i.e., no tax on the transaction), but $20,000 in cash. At "C" 17, the user would realize the maximum capital loss that could be realized from sales of the securities in the system, say $4000, with cash realized of, say $8000. At "D" 18, the user would realize the maximum capital gain one could realize from the sales of the securities in the system, say $8500, with cash realized of, say $16,500. At "E" 19, the user would realize the maximum amount of cash, say $25,000, that could be realized from the sales of all securities in the system, with a resulting capital gain of, say $5500.

In one embodiment of Wallman, the user can select a desired tax consequence (e.g., sell securities that have no tax consequence) and a specific amount of desired proceeds, and the system will automatically trade a subset of securities that meet these goals.

Wallman's system does not track whether a particular security is kept in a taxable account, a tax-deferred account (e.g., an IRA or a 401(k)), or a non-taxable account. See, for example, Fig. 2 which merely shows that each security and its associated transaction record is merely listed in the database without regard to what type of account it may be held in. Accordingly, the method in Wallman fails to factor in a client's preferred domain, as required by the present claims. For example, the security represented by point "E" in Fig. 1 is shown as having a relatively high potential tax consequence, even though there would actually be no tax consequence if the security was held in a tax-deferred or non-taxable account such as an IRA or 401(k) account. Wallman treats all securities as being subject to the same tax treatment. An investor would thus be unable to use Wallman's process to accurately identify securities to sell that would bring the investor as close as possible to the client's preferred domain, as required by the present claims.

Likewise, Wallman's process has no provision for allowing a user to enter a desired asset allocation (i.e., the percentage of assets held in each asset class, such as stocks, bonds and cash investments). Wallman's process only enables the user to "indicate a desired tax consequence by selecting one of the points in the graph and identif[y] for the user which of the securities must be sold to obtain the desired tax consequence." (column 9, lines 22-24). Thus, an investor would be unable to use Wallman's process to identify securities to sell that would bring the investor as close as possible to the client's desired asset allocation, as required by the present claims.

Wallman's process makes sell recommendations solely on the basis of desired tax consequences, without any concern for the investor's preferred domain or desired asset allocation. Accordingly, Wallman lacks at least steps and elements (b), (c) and (d) in each of the independent claims 1, 15, 30 and 44.

Referring to the outstanding Office Action, the Examiner states that column 7, lines 36+ of Wallman, which reads as follows, discloses step/element (a) of independent claims 1 and 15:

> Further, the system includes a user input device being coupled to the display indicating a user desired tax consequence, and a portfolio manager being coupled to the user input device and enabling a user to prepare a trade of assets/liabilities to obtain a user desired tax consequence.

As discussed above, Wallman does not distinguish assets by their taxable status. All assets are presumed to have the same taxable status. In contrast to Wallman, the amended claims recite that the taxable status of each asset in the client's current asset portfolio is identified. In this manner, the present invention can make specific sell/buy recommendations that account for the client's preferred domain, whereas Wallman has no such capability.

The Examiner further states in the outstanding Office Action that column 9, lines 17-24 of Wallman, which reads as follows, disclose steps/elements (b), (c) and (d) of independent claims 1 and 15:

> According to yet another advantageous implementation of the method of the present invention, the method further includes the step of displaying the series of sums in a graphical format, in which one axis represents the potential proceeds and the other axis represents the potential tax consequences from selling the assets/liabilities, in which each potential trade of a particular subset of the assets/liabilities is plotted as a point in the graph, and each point has an attribute related to both a potential proceeds and a potential tax consequence resulting from a trade of the associated particular subset of assets/liabilities.

This feature of Wallman was fully discussed above and has nothing whatsoever to do with the claimed steps/elements (b), (c) or (d). As discussed above, the potential tax consequences have

nothing to do with a client's desired asset allocation or preferred domain, nor with recommendations to achieve either of these goals.

For at least the reasons discussed above, the pending independent claims are believed to patentably distinguish over Wallman.

b. Patentability of dependent claims

The dependent claims are believed to be allowable because they depend upon an allowable independent claim, and because they recite additional patentable steps and elements.

Conclusion

Insofar as the Examiner's rejections were fully addressed, the instant application is in condition for allowance. A Notice of Allowability of all pending claims is therefore earnestly solicited.

Respectfully submitted,

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